

# Superannuation & SMSF

Superannuation means saving money during the course of a working lifetime to fund your retirement.

Superannuation is promoted by Australian Government policy. Employers must legally pay a percentage of the salary of an employee into a superannuation fund – currently 9.5% (as at 1 July 2014).

A Self Managed Superannuation Fund (SMSF) is a particular kind of superannuation fund. Members of an SMSF are the trustees, and control and manage the SMSF for their own benefit.

## Superannuation fundamentals

### Early superannuation decision

An active superannuation strategy choice early in life can make a significant difference to your retirement lifestyle through additional accumulation of retirement funds.

### Starting choices 20s – 30s

Making just a small additional contribution, as a priority choice now, can mean a real boost to your superannuation balance in retirement.

You can also consider, prudently, taking a little more risk and choose a high-growth investment strategy. Growth over a long-term of years can exceed any increased risk arising from shorter term market fluctuations.

### Wealth creation 30s – 50s

You may at this stage of your life have a family and begun to accumulate wealth through investments. It is now wise, even if difficult, to pay close attention to your superannuation. Retirement is actually becoming closer as a reality. You should have your superannuation investment strategy reviewed annually to ensure it remains appropriate for your circumstances.

### Retirement 60+

Rising life expectancy means that most people are going to remain retired for longer. Your superannuation should continue to work for you in retirement. A wise superannuation investment is as important in retirement as during your working life. A sound understanding of your superannuation helps you make the right decisions for your circumstances.

## Key considerations

### Self Managed Superannuation Funds (SMSF)

Some of the benefits that a SMSF can provide include:

- **Investment** - a SMSF provides control over investment choices that may have previously been restricted within your existing funds
- **Taxation** - a SMSF enables a personalised strategy for effective tax management

Superannuation can be a very complicated topic. It will be the largest asset apart from the family home for many Australians. It is important for you to know your current balance in the funds where your superannuation contributions are held and the kinds of investments of those funds.

## For more information on Superannuation & SMSF talk to one of our advisers on **135 444**

- **Estate planning** - a SMSF creates an effective estate planning vehicle to retain wealth for future generations. A SMSF does not end upon your retirement, nor the death of a member
- **Personal insurance** - a SMSF can take out personal insurance, including a life, total and personal disability and income protection policy, which may enable:
  - liberation of personal cash flow for alternative use
  - a tax deduction for a policy premium not otherwise deductible where the policy is held by an individual

### **When looking to establish a SMSF, you should consider some of the disadvantages, including:**

- SMSF members do not have access to the Superannuation Complaints Tribunal (SCT) to resolve complaints. If an issue or disagreement arises about how the SMSF is being managed, it is up to the SMSF members to address these issues out between themselves or seek legal advice and fund this themselves
- Any breach of the superannuation rules can result in significant fines and penalties being applied to both the trustees (or the directors of the fund's corporate trustee) personally and to the fund
- Should the fund cease to qualify as an Australian Superannuation Fund, it will then cease to be a complying fund and may incur severe tax penalties
- A breakdown in the relationship of the fund members could complicate any unwinding of the fund

## Superannuation improvement

Your superannuation position may be improved, even without additional contributions, by:

- location of any lost superannuation
- consideration of consolidation of your existing funds
- consideration of insurances
- review of your current fee structures
- ensuring your investment selection matches your risk profile

### **SMSF creation**

Creating a SMSF can take time and will require some initial and ongoing costs. A financial adviser can develop and manage a SMSF fund strategy for you to include the costs and generate adequate returns for effective fund operation.

### **Where we can assist**

You should start your retirement plan now. The earlier you start, the better the result.

You should review your retirement plan to ensure it addresses changes in legislation, product features and your personal circumstances.

Talk to Anne Street Partners Financial Services Pty Ltd (ACN 107 671 653 / AFSL 258853) today about designing or reviewing a retirement plan to meet your requirements.

**We're here to help you.**

**General Advice Disclaimer:** The information provided on this information sheet is general in nature only and does not constitute personal financial advice. The information has been prepared without taking into account your personal objectives, financial situation or needs. Before acting on any information contained in this information sheet you should consider the appropriateness of the information having regard to your objectives, financial situation and needs.